

Message Text

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PAGE 01 TOKYO 19519 210222Z
ACTION EA-12

INFO OCT-01 IO-14 ISO-00 STRE-00 EUR-12 AID-05 CIAE-00
COME-00 EB-08 FRB-01 INR-07 NSAE-00 USIA-15
TRSE-00 XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01
NSC-05 SS-15 STR-05 CEA-01 L-03 H-02 PA-02 PRS-01
AGRE-00 ITC-01 /128 W
-----111361 210620Z /15

R 210149Z DEC 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 3722
INFO USMISSION GENEVA

UNCLAS TOKYO 19519

DEPT PASS ALL EC CAPITALS

USMTN

DEPARTMENT PASS STR ELECTRONICALLY

E.O. 11652: N/A
TAGS: ETRD, MTN, EEC, OECD, JA
SUBJECT: PRESS REPORTS ON USHIBA'S RETURN TO JAPAN

REF: TOKYO 19285

1. SUMMARY: PRESS COMMENT ON USHIBA'S TRADE MISSION TO U.S. AND BURSSELS HAS CANDIDLY REPORTED INSISTENCE FROM U.S. AND EC THAT JAPAN MUST TAKE STRONGER MEASURES TO REDUCE CURRENT ACCOUNT SURPLUS, AS WELL AS USHIBA'S REMARKS THAT U.S. PROTECTIONIST SENTIMENT GROWING IN CONGRESS. HE NOTED THAT USG WAS PLEASED WITH 7 PERCENT JAPANESE ECONOMIC GROWTH TARGET FOR JFY 78, AND HINTED THAT MORE GOJ DISCUSSION WAS NEEDED ON AGRICUTLURAL IMPORT LIBERALIZATION. MAINICHI EIDTORIAL SAID LITTLE HEADWAY MADE IN NEGOTIATIONS AND WAS PESSIMISTIC ABOUT ECONOMIC OUTLOOK FOR JAPAN. END SUMMARY.
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PAGE 02 TOKYO 19519 210222Z

2. DEC 17-20 PRESS, CANDIDLY REPORTED CRITICISM OF JAPAN ENCOUNTERED BY USHIBA DURING MISSION TO U.S. AND EC. EC PRESIDENT JENKINS WAS QUOTED AS WARNING THAT THE JAPANESE TRADE SURPLUS PUTS A STRAIN ON THE ENTIRE WORLD'S TRADING SYSTEM AND COULD EVENTUALLY ENDANGER THE NEGOTIATIONS IN GENEVA. HE ALSO REPORTEDLY IDENTIFIED THOSE TRADE SECTORS

IN WHICH THE EC HAS PARTICULAR EXPORT INTERESTS; THE AIRBUS, SHOES, PROCESSED FOOD, AND CONFECTIONS.

3. AT A PRESS CONFERENCE HELD AFTER HIS RETURN, USHIBA ADMITTED HIS MISSION TO THE U.S. WAS NOT SATISFACTORY. HE SAID THE ATMOSPHERE WAS MORE EMOTIONAL THAN EXPECTED AND THAT HE FELT U.S.-JAPAN RELATIONS HAD "ENTERED A DIFFICULT STAGE." HE WAS SURPRISED, HE SAID, TO FIND THAT THE U.S. CONGRESS BELIVES THAT JAPAN IMPORT PRACTICES ARE UNFAIR AND EXCLUSIONIST. TO COUNTER THESE FEELINGS, HE ADVOCATED ESTABLISHMENT OF CLOSER CONTACTS WITH USG AND CONGRESS.

4. HOWEVER, USHIBA NOTED THAT THE U.S., INCLUDING PRESIDENT CARTER, WAS HIGHLY APPRECIATIVE OF JAPAN'S ANNOUNCED JFY 78'S GROWTH RATE GOAL OF 7 PERCENT. EVEN SO, HE SAID, THE U.S. IS STILL CONCERNED AS TO EXTENT THIS WILL REDUCE JAPAN'S CURRENT ACCOUNT SURPLUS AND HE FOUND U.S. INTEREST IN JAPANESE PROPOSALS TO EXPAND AND LIBERALIZE GOVERNMENT PROCUREMENT. BUT, ACCORDING TO USHIBA, THERE WERE CONSIDERABLE GAPS BETWEEN U.S. AND JAPANESE POSITIONS ON BEEF, ORANGES, AND OTHER AGRICULTURAL TRADE. IN RESPONSE TO A QUESTION ASKING IF THERE MIGHT BE FURTHER LIBERALIZATION IN AGRICULTURAL IMPORTS, USHIBA REPLIED THAT HE DID NOT KNOW, BUT PLANNED TO HAVE SEPARATE TALKS WITH VARIOUS CABINET MINISTERS.

5. DURING EXCLUSIVE NIHON KEIZAI INTERVIEW, USHIBA SUPPLMENTED UNCLASSIFIED

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PAGE 03 TOKYO 19519 210222Z

HIS EARLIER COMMENTS BY NOTING THAT SHOULD NEGOTIATIONS FAIL, HE EXPECTS U.S. CONGRESSIONAL ACTION TO RESTRICT IMPORTS FROM JAPAN. HE ADDED THAT JAPAN MUST AIM AT AN EARLY SETTLEMENT TO THE PROBLEM BY CONSIDERING OTHER MEASURES TO REDUCE THE CURRENT ACCOUNT SURPLUS AND TRADE BALANCE.

6. A PESSIMISTIC DEC 18 MAINICHI EDITORIAL SAID THE U.S. AND JAPAN HAD MADE LITTLE HEADWAY TOWARD SOLVING THE "CRUCIAL TRADE DISPUTE." THIS WAS NOT SURPRISING, THE ARTICLE CLAIMS, SINCE BOTH SIDES HAD ANNOUNCED BEFORE USHIBA LEFT THAT THE JAPANESE OFFERS WOULD BE UNSATISFACTORY. MEANWHILE, THE YEN WILL BE "FURTHER EXPOSED TO A RELENTLESS ATTACK," EXPORT INDUSTRIES JEOPARDIZED, AND THE RECESSION WILL CONTINUE. THEREFORE, THE MAINICHI SAID, JAPAN WILL PROBABLY HAVE TO CONCEDE TO AMERICAN DEMANDS. THERE MAY BE ROOM TO CONSIDER CERTAIN SPECIFIC ITEM DEMANDS, BUT IT MAY TAKE RELIEF MEASURES TO MINIMIZE THE DAMAGE TO SOME FARM PRODUCTS. AS FOR THE DEMAND TO TURN THE TRADE SURPLUS INTO A DEFICIT, THE EDITORIAL SAYS THAT JAPAN DOES NOT HAVE TO COMPLY AND SOME SURPLUS IS DESIRABLE TO COPE WITH UNEXPECTED EVENTS. ALSO, THE GOJ SET AN ECONOMIC GROWTH RATE GOAL OF

7 PERCENT, WHICH WAS WELCOMED BY THE U.S. HOWEVER, THE
MAINICHI WARNS, DOUBT HAS ALREADY BEEN EXPRESSED ABOUT
ACHIEVING IT, AND THE GOJ MAY BE REPEATING THE ERROR IT
MADE WITH THE JFY-77 CURRENT ACCOUNT DEFICIT PREDICTION.
MANSFIELD

NOTE BY OC/T: NOT PASSED EC CAPITALS.

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE VISITS
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770475-0280
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19771229/aaaaayna.tel
Line Count: 123
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 412949fe-c188-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 TOKYO 19285
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 152466
Secure: OPEN
Status: NATIVE
Subject: PRESS REPORTS ON USHIBA'S RETURN TO JAPAN
TAGS: ETRD, JA, MTN, EEC, OECD, (USHIBA)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/412949fe-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009